

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF PENNSYLVANIA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

RAMKUMAR V. RAYAPUREDDY,

Defendant.

COMPLAINT

22 Civ. 1592 )

**JURY TRIAL DEMANDED**

Plaintiff Securities and Exchange Commission (the “SEC”) files this complaint against Defendant Ramkumar V. Rayapureddy (“Rayapureddy”) and alleges as follows:

**SUMMARY**

1. This case involves insider trading by Rayapureddy and his former work colleague and close friend Dayakar R. Mallu (“Mallu”) in the securities of Mylan N.V. (“Mylan” or the “Company”).

2. Between September 2017 and July 2019, Rayapureddy unlawfully tipped Mallu material nonpublic information concerning the Company’s financial results, an acquisition, and at least one drug application approval by the U.S. Food and Drug Administration (“FDA”), knowing that, or recklessly indifferent to whether, Mallu would trade on such information.

3. Mallu then unlawfully traded on that information, illicitly gaining at least \$7,264,008 while avoiding losses of \$703,337.

4. In exchange for the tips, Mallu shared a portion of his illicit trading profits with Rayapureddy.

5. By engaging in the conduct described in this complaint, Rayapureddy violated Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over this action pursuant to Sections 21(d), 21(e), 21A, and 27 of the Exchange Act Section 27 [15 U.S.C. §§ 78u(d), 78u(e), 78u-1, and 78aa].

7. Venue lies in this District under Sections 21(d), 21A, and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u-1, and 78aa]. Among other things, certain of the acts, practices, and courses of business constituting the violations of the federal securities laws alleged herein occurred within the Western District of Pennsylvania. Rayapureddy resides and works in the Western District of Pennsylvania, and improperly tipped Mallu material nonpublic information about Mylan, a company that is headquartered in the Western District of Pennsylvania.

### **DEFENDANT**

8. **Rayapureddy**, age 54, resides in Pittsburgh, Pennsylvania. Rayapureddy was hired by Mylan in 2014, ultimately rising to the rank of Global Chief Information Officer (“CIO”) in January 2016. Rayapureddy holds the same position today at Mylan’s successor company, Viatris, Inc. (“Viatris”). Rayapureddy was a close friend and colleague of Mallu when Mallu was employed at Mylan, and the two remained close friends after Mallu departed the Company.

### **OTHER RELEVANT ENTITIES AND INDIVIDUAL**

9. **Mallu**, age 52, lives in Orlando, Florida. Mallu began working at Mylan in May 2011. In August 2014, he was promoted to the position of Global Producer Functions IT, and served in that role until he separated from Mylan in March 2017.

10. **Mylan** was a pharmaceutical company registered in the Netherlands with headquarters in Canonsburg, Pennsylvania. Until November 2020, when it merged with Upjohn Inc., Mylan's securities were registered with the Commission pursuant to Section 12(b) of the Exchange Act and traded on NASDAQ under the symbol "MYL."

11. **Pfizer Inc.** ("Pfizer") is a pharmaceutical company incorporated in Delaware and headquartered in New York, New York.

12. **Upjohn Inc.** ("Upjohn") was Pfizer's off-patent branded and generic established medicines business, which merged with Mylan in November 2020.

### TERMS USED IN THIS COMPLAINT

13. A stock option, commonly referred to as an "option," gives its purchaser/holder the option to buy or sell shares of an underlying stock at a specified price (the "strike price") before a specified time (the "expiration"). Options are generally sold in "contracts," which give the option holder the opportunity to buy or sell 100 shares of an underlying stock. If the holder does not exercise the option prior to the expiration date, the option expires as worthless.

14. A "call" option gives the purchaser/holder of the option the right, but not the obligation, to purchase a security at a specified strike price prior to expiration. Generally, the buyer of a call option anticipates that the price of the underlying security will increase prior to expiration. If the call option's strike price is above the price at which the underlying stock is trading, the call option is considered to be "out of the money," because it would be unprofitable to exercise the call and pay more for the stock than the price for which it could be obtained in the market. Conversely, if the strike price is below the then-current market price, the call is considered to be "in the money," because one could exercise the option, obtain the stock at the strike price, and then sell it at the higher market price for a profit. For a given expiration month,

out of the money options are typically cheaper to buy than those that are in the money.

15. A “put” option gives the purchaser/holder of the option the right, but not the obligation, to sell a security at a specified strike price prior to expiration. Generally, the buyer of a put option anticipates that the price of the underlying security will decrease prior to expiration. If the put option’s strike price is below the price at which the underlying stock is trading, the put option is considered to be “out of the money,” because it would be unprofitable to exercise the put and sell the stock at a lower price than the price for which it could be sold in the market. Conversely, if the strike price is above the then-current market price, the put is considered to be “in the money,” because one could exercise the option and sell the stock at the higher strike price for a profit. For a given expiration month, out of the money options are typically cheaper to buy than those that are in the money.

## **FACTUAL ALLEGATIONS**

### **I. Rayapureddy Learned Material Nonpublic Information**

16. At all times pertinent to this complaint, through his position at Mylan, Rayapureddy learned material nonpublic information relating to Mylan and its business, financial performance, products, and potential corporate transactions, including the information discussed in more detail in this complaint that he tipped to Mallu.

### **II. Rayapureddy Tipped Material Nonpublic Information in Violation of a Duty Owed to Mylan’s Shareholders and the Company**

17. At all times pertinent to this complaint, Rayapureddy owed a duty to Mylan’s shareholders and the company to maintain the confidentiality of material nonpublic information regarding Mylan.

18. On or about October 5, 2014, Rayapureddy acknowledged receipt of Mylan’s Code of Conduct, which specifically prohibited trading in Mylan securities while in possession

of material nonpublic information about the Company or causing or recommending others to do so. Additionally, in his employment agreement with Mylan, Rayapureddy agreed not to use or disclose any Mylan confidential information other than in the ordinary course of Mylan's business and in furtherance of its interests.

19. At all times pertinent to this complaint, Mallu knew Rayapureddy was privy to material nonpublic information regarding Mylan.

20. Mallu further knew that Rayapureddy was subject to a duty to keep that information confidential because, among other things, Mallu was familiar with Mylan's Code of Conduct from his time working at the Company.

21. Notwithstanding his obligation to maintain the confidentiality of Mylan material nonpublic information, Rayapureddy tipped material nonpublic information to Mallu on at least three separate occasions after Mallu separated from Mylan, knowing that, or recklessly indifferent to whether, Mallu would trade on such information, as set forth in paragraphs 27 through 49.

22. Rayapureddy tipped this information in exchange for a personal benefit.

23. Rayapureddy and Mallu established a meaningfully close personal relationship while working together at Mylan between October 2014 and March 2017.

24. The two maintained this friendship following Mallu's separation from Mylan and at all times pertinent to this complaint. Among other things, Rayapureddy and Mallu regularly spoke on the telephone, messaged each other, and socialized in person in the United States as well as abroad, both before and after Mallu's separation from Mylan.

25. Additionally, the two shared both work and cultural interests, visited each other's homes, and attended events with one another's families.

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